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Message Text

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ACTION XMB-07

INFO OCT-01 EA-11 ADP-00 COME-00 EB-11 CIAE-00 INR-10

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---------- 018285
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FM AMEMBASSY SEOUL
TO SECSTATE WASHDC 7469
INFO AMEMBASSY SAIGON

C O N F I D E N T I A L SEOUL 2548

FOR COMMERCE AND EXIMBANK (CHAIRMAN KEARNS)

E. O. 11652: GDS
TAGS: ETRD, KS
SUBJECT: EISENBERG READY TO GIVE U. S. THE BUSINESS

REF: STATE 073293 (NOTAL) B. SEOUL 2265 (NOTAL)

1. EISENBERG KOREA REPRESENTATIVE (NIRIM) HAS APPROACHED EMBASSY COMMERCIAL COUNSELOR TO RELAY EISENBERG' S PERSONAL DISTRESS AT FULLER COMPANY' S ANGRY REACTION TO WASHINGTON QUERY BASED ON EMBASSY' S REFTEL CONCERNING EISENBERG CLAIM TO REPRESENT FULLER IN KOREA. ACCORDING TO NIRIM, NOT ONLY HAS FULLER RENOUNCED ANY ASSOCIATION WITH EISENBERG IN KOREA, BUT EISENBERG/ FULLER CONNECTION FOR BID ON IMPORTANT VIETNAM CEMENT PLANT NOW SEEMS IN JEOPARDY. HE ADMITTED THAT BASIC FACTS PRESENTED IN EMBASSY TELEGRAM WERE CORRECT, BUT SAID EISENBERG OFFICIALS FEEL THAT FULLER COMPANY OVER- REACTED TO WASHINGTON QUERY, APPARENTLY FROM EXIM BANK.

2. SAYING HE SPOKE FOR HIS PRINCIPAL, NIRIM SUGGESTED THAT CONSEQUENCE OF EISENBERG/ FULLER RUPTURE WOULD BE U. S. LOSS TO FRENCH (POLYSIUS) OF VIETNAM CEMENT PLANT BUSINESS. BUT, NIRIM
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STATED, WHAT TROUBLES EISENBERG EVEN MORE IS A GROWING AWARENESS THAT HE IS IN DISFAVOR WITH EXIM AND A CONCERN FOR THE CONSEQUENCES THIS WILL HAVE FOR THE EISENBERG EFFORT TO REPRESENT U. S. FIRMS. EISENBERG IS, THEREFORE, PREPARING TO BREAK SCHEDULE OF HIS CURRENT WORLDWIDE TRIP IN ORDER TO VISIT WASHINGTON FIRST WEEK OF MAY AND SEEK PERSONAL INTERVIEW WITH CHAIRMAN KEARNS TO CLEAR UP WHAT HE CONSIDERS TO BE CERTAIN MISUNDERSTANDINGS.

3. WE SAID WE WOULD NOTIFY EXIM OF THIS EISENBERG INTENTION BUT WE COULD NOT, AS EISENBERG REP SUGGESTED, RECOMMEND THE MEETING TAKE PLACE.

4. EISENBERG REP, SPEAKING " PERSONALLY", SAID HIS COMPANY WAS OBVIOUSLY ONE OF MOST INFLUENTIAL AND SUCCESSFUL TRADING COMPANIES IN KOREA. THE CONPANY HAS GOOD RELATIONS WITH USAID IN VIETNAM, AND IT IS DIFFICULT TO UNDERSTAND WHY USG WOULD NOT PERMIT EISENBERG COMPANY TO OPERATE IN U. S. INTEREST IN KOREA. HOWEVER, U. S. WOULD BE THE LOSER. IF EISENBERG COULD NOT REPRESENT THE U. S., THEN EISENBERG COULD VERY EFFECTIVELY REPRESENT EUROPEANS IN COMPETITION WITH U. S.

5. EMBASSY COMMENT: EISENBERG REPS AND EISENBERG HIMSELF HAVE MADE EXTENSIVE RECENT EFFORT TO ESTABLISH CONTACT WITH EMBASSY ON GROUNDS THAT COMPANY REALIZES AMERICAN DAY DAWNING FOR EQUIPMENT SALES IN KOREA AND THEY PREPARED TO HELP MAKE CERTAIN THAT AMERICAN FIRMS GET THE BUSINESS. EISENBERG' S RECENT PERSONAL STATEMENT TO US THAT PEOPLE IN HIGH PLACES PUT PROJECTS AT HIS DISPOSAL IN RETURN FOR HIS " HELP" TO THEM IS PERFECTLY IN KEEPING WITH HIS BUSINESS REPUTATION. EVEN IF THIS WERE THE ONLY WAY TO GET BUSINESS IN KOREA (AND IT CERTAINLY IS NOT IN MANY CASES), WE COULD HARDLY RECOMMEND IT TO U. S. FIRMS. IN FACT, ASIDE FROM LIMITED ASSIGNMENT TO ASSIST GE IN ARRANGEMENTS FOR THE INCHON III POWER PLANT, THE ONLY U. S. REPRESENTATION EISENBERG COMPANY CONFIDENTIAL

CURRENTLY CLAIMS IS THAT FOR THE NEWLY FORMED U. S. COMPANY AFFILIATE (POLYSIUS USA) OF THE FRENCH/ GERMAN POLYSIUS.

6. EISENBERT CONTINUES TO CLAIM THAT HE HAS ROKG APPROVAL TO INVOLVE HIMSELF IN FINANCING AND EQUIPMENT FOR MAJOR NEW SHIPYARD AND THE PROPOSED

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SECOND INTEGRATED STEEL MILL. AS PARTNER IN THE
LARGEST (SSANG YONG) CEMENT PLANT, HE WOULD
BENEFIT CONSIDERABLY FROM ITS PLANNED EXPANSION.
AS FAR AS WE KNOW, EISENBERG COMPANY IS STILL WELL
AND HIGHLY CONNECTED HERE, BUT THERE ARE INDICA-
TIONS IT COULD BE SLIPPING. EISENBERG HAS EXPRESSED
SURPRISE THAT U. S. EQUIPMENT IS SUCCESSFULLY
COMPETING AGAINST EISENBERG- REPRESENTED EUROPEAN
EQUIPMENT IN KOREA' S CURRENT CEMENT PLANT EXPANSIONS. WHAT
EISENBERG DOESN' T KNOW IS THAT THE FRENCH
EMBASSY IS QUIETLY ADVISING KOREA' S BUSINESSMEN
THAT THEY NO LONGER NEED EISENBERG CONNECTION TO
DEAL WITH FRENCH FIRMS AND THAT FRENCH EMBASSY
CAN HELP THEM FIND LESS EXPENSIVE WAYS TO OBTAIN
FRENCH EQUIPMENT. WE HAVE HEARD THIS FROM FRENCH
EMBASSY COMMERCIAL ATTACHE AS WELL AS ONE OF
THE KOREAN BUSINESSMEN WHO WAS SO INFORMED BY
THE FRENCH EMBASSY. THE TEST OF THE CONTINUING
STRENGTH OF THE EISENBERG CONNECTION HERE WILL BE
HIS ABILITY TO ORGANIZE THE FINANCING FOR AND DELIVERY
TO EUROPEAN SUPPLIERS OF THE ONE BILLION
DOLLAR INTEGRATED STEEL MILL. EISENBERG HAS
ADMITTED THIS IS A TALL ORDER AND SAYS HE IS WILLING
TO CUT THE U. S. IN FOR SOME 30 PCT OF THE FINANCING
AND ORDERS. DRAVO AND WEAN UNITED ENGINEERING
ARE AMONG THOSE FIRMS HE HAS SUGGESTED COULD BE
INCLUDED IN. THE LATTER HAS ALREADY BEEN IN
TOUCH WITH THE EMBASSY ABOUT THE STEEL PLANT AND
EISENBERG REPS HAVE ALREADY BEEN AROUND TO CHECK
ON THIS.
UNDERHILL

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